## 3

# DEPARTMENT OF DEFENSE ACQUISITION POLICY

The Department of Defense (DoD) has implemented the provisions of OMB Circular A-109 via the March 1996 *Update of the DoD 5000 Documents*. Two documents guide defense acquisition:

- 1. DoD Directive (DoDD) 5000.1, *Defense Acquisition*, as approved and signed by the Secretary of Defense (SECDEF), is a broad policy directive that states policies and principles for all DoD acquisition programs and identifies the department's key acquisition officials and forums.
- 2. DoD Regulation 5000.2-R, Mandatory Procedures for Major Defense Acquisition Programs (MDAPs) and Major Automated Information System (MAIS) Acquisition Programs, as approved and signed by the Deputy SECDEF, specifies mandatory policies and procedures for MDAPs and MAISs and, where specifically stated, for other than MDAPs and MAISs.

#### DoDD 5000.1

This directive identifies several broad principles that guide **all** defense acquisitions, including major and nonmajor programs, automated information management, and highly sensitive and classified programs. The DoDD 5000.1 describes an *integrated management framework*, formed by DoD's three primary decision support processes, the Requirements Generation System; the Planning, Programming, and Budgeting System;

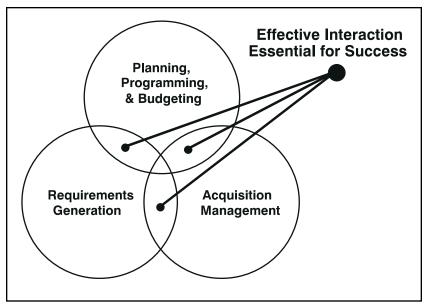


Figure 3-1. Three Major Decision Support Systems

tem (PPBS); and the Acquisition Management System. This *integrated management framework* is depicted in Figure 3-1.

Requirements generation, governed by Chairman of the Joint Chiefs of Staff Memorandum of Policy Number 77 (CJCS MOP 77), is the system that results in identification of needs, i.e., warfighting deficiencies or technological opportunities. The acquisition management system, governed by the DoD 5000 Documents, provides for a streamlined management structure (based on an event-driven process) which links formal milestone decisions to demonstrated accomplishments. The PPBS, governed by DoDD 7045.14, as changed May 22, 1984, prescribes the process for making informed resource decisions within the DoD, including decisions regarding acquisition programs. These three systems operate continuously and must interface on a regular basis to enable the DoD leadership to make informed decisions regarding the best allocation of scarce re-

sources. This Handbook details these decision making systems or processes separately in Chapters 5, 6, and 7 respectively.

The DoDD 5000.1 describes three major principles that guide all defense acquisition programs.

- 1. Translating operational needs into stable, affordable programs. This principle is based on the following nine supporting elements:
  - Integrated Management Framework,
  - Integrated Product and Process Development,
  - Program Stability,
  - Risk Assessment and Management,
  - Total Systems Approach,
  - Cost as an Independent Variable (CAIV),
  - Program Objectives and Thresholds,
  - Non-Traditional Acquisition, and
  - Performance Specification.
- 2. Acquiring Quality Products. This principle is supported by the following 12 elements:
  - Event Oriented Management,
  - Hierarchy of Material Alternatives,
  - Communications with Users,
  - · Competition,
  - Test and Evaluation,
  - Modeling and Simulation,
  - Independent Assessments,
  - Innovative Practices,
  - Continuous Improvement,
  - Legality of Weapons Under International Law,
  - Software Intensive Systems, and
  - Environmental Management.

- 3. Organizing for Efficiency and Effectiveness. This principle is based on the following seven supporting elements:
  - Streamlined Organizations,
  - Acquisition Corps,
  - · Teamwork.
  - Limited Reporting Requirements,
  - · Tailoring,
  - Automated Acquisition Information (AAI), and
  - Management Control.

In addition to the three major principles, DoDD 5000.1 also identifies and describes the responsibilities of key acquisition officials and key forums.

**Key Officials** (responsibilities are identified in Chapter 4 of this Handbook).

Deputy Secretary of Defense

Under Secretary of Defense for Acquisition and Technology (USD(A&T))

Under Secretary of Defense (Policy) (USD(P))

Under Secretary of Defense (Comptroller) (USD(C))

Secretaries of the Military Departments

Heads of DoD Components

Vice Chairman of the Joint Chiefs of Staff (VCJCS)

Director, Operational Test and Evaluation (DOT&E)

Assistant Secretary of Defense for Command, Control, Communications, and Intelligence (ASD(C<sup>3</sup>I))

Director, Program Analysis and Evaluation (DPA&E)

Component Acquisition Executives (CAEs)

Program Executive Officers (PEOs)

System Command (SYSCOM)/Designated Acquisition/ Materiel Command Commanders

Program Managers (PMs)

Overarching Integrated Product Team (OIPT) Leaders

### **Key Forums** (discussed in Chapter 4).

Defense Resources Board (DRB)
Defense Acquisition Board (DAB)
Major Automated Information System Review Council (MAISRC)
Joint Requirements Oversight Council (JROC)
Cost Analysis Improvement Group (CAIG)
Integrated Product Teams (IPTs)

#### DoD 5000.2-R

The DoD 5000.2-R establishes a simplified and flexible management framework for translating mission needs into stable, affordable, and well-managed MDAPs and MAIS acquisition programs. The regulation sets forth mandatory procedures for managing MDAPs and MAISs and, specifically where stated, for other than MDAPs and MAISs. Non-MDAPs and non-MAISs *generally* follow the same process as MDAPs and MAISs; however, the Milestone Decision Authority (MDA) tailors the process as appropriate (and consistent with statutory requirements) to best match the conditions of individual nonmajor programs. The general model consists of four major milestones and four phases of life cycle management (refer to Chapter 6 of this Handbook).

DoD Regulation 5000.2-R is divided into six parts.

- Part 1 Acquisition Management Process: Establishes a general model for managing both MDAPs and MAIS acquisition programs, recognizing that every program is different.
- Part 2 Program Definition: Describes mandatory procedures for translating broadly stated mission needs into a set of more sharply defined performance specifications.

- Part 3 Program Structure: Describes the elements necessary to structure a successful MDAP or MAIS acquisition program.
- Part 4 Program Design: Establishes the basis for a comprehensive and disciplined approach to designing MDAPs and MAIS acquisition programs.
- Part 5 Program Assessments & Decision Reviews: Establishes mandatory procedures for conducting assessments and milestone decision reviews of MDAPs and MAIS acquisition programs.
- Part 6 Periodic Reporting: Describes periodically prepared mandatory reports to provide acquisition executives (AEs) and Congress with adequate information to oversee the acquisition process and make necessary decisions.

The DoD 5000.2-R also includes six appendices that specify mandatory formats in the below listed areas. A Glossary will be published as Change 1 to the Regulation.

- Operational Requirements Document (ORD)
- Consolidated Acquisition Reporting System (CARS)
- Test and Evaluation Master Plan (TEMP)
- Live-Fire Test and Evaluation (LFT&E) Plan
- Major Automated Information System Quarterly Report
- Cost/Schedule Control Systems Criteria (C/SCSC)

In addition to DoDD 5000.1 and DoD 5000.2-R, an *Acquisition Deskbook* is being implemented<sup>1</sup>. The Acquisition Deskbook is an automated reference tool that will provide, via an on-line capability, DoD acquisition information for all

<sup>&</sup>lt;sup>1</sup> The Acquisition Deskbook is under development as of the date of this Handbook.

services, across all functional disciplines. The Deskbook will be an easy-to-use, automated information retrieval system, providing real-time access to the most current acquisition information through three key elements, a reference set, a software tool catalog, and an acquisition management bulletin board. The reference set will contain information organized into three main categories—mandatory direction, discretionary practices, and advice. The reference set will be issued on CD-ROM, with updates on a quarterly basis. The software tool catalog will consist of a database listing of available or underdevelopment software tools and descriptive information. The acquisition management bulletin board, located on the World Wide Web, will provide the medium for the exchange of ideas and experiences among members of the acquisition workforce, and should facilitate communication up and down the acquisition chain of command. The Acquisition Deskbook will also contain a complete on-line version of DoDD 5000.1, DoD 5000.2-R, the Federal Acquisition Regulation (FAR) and the DoD Federal Acquisition Regulation Supplement (DFARS). The purpose of the Deskbook is to be a convenient source of information to which PMs and other acquisition participants may turn for assistance in implementing guiding principles and mandatory procedures.

The recently reissued documents and on-line information repository discussed above accomplish four major objectives.

- Incorporate new laws and policies that have been enacted since the last update (Feb 1991), including the provisions of the Federal Acquisition Streamlining Act (FASA) of 1994 and the institutionalization of IPTs.
- Separate mandatory policies and procedures from discretionary practices.
- Respond in two ways to the perception that the acquisition policy documents have grown unwieldy and too

complex: (1) the revised directive and regulation are, for the first time, available on-line to the acquisition community; (2) the volume and complexity of regulatory guidance have been significantly reduced.

• Integrate the acquisition policies for both weapon systems and automated information systems (AISs).